

County of Los Angeles CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012 (213) 974-1101 http://cao.co.la.ca.us

April 19, 2005

Board of Supervisors GLORIA MOLINA First District

YVONNE B. BURKE Second District

ZEV YAROSLAVSKY Third District

DON KNABE

MICHAEL D. ANTONOVICH Fifth District

The Honorable Board of Supervisors County of Los Angeles 383 Kenneth Hahn Hall of Administration 500 West Temple Street Los Angeles, CA 90012

Dear Supervisors:

APPROVAL OF NOTICE OF INTENTION TO EXERCISE AN OPTION
TO PURCHASE REAL PROPERTY
5555-5557 FERGUSON DRIVE, CITY OF COMMERCE
(FIRST DISTRICT) (3 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

- 1. Consider the Negative Declaration together with any comments received during the public review process and find that this project will not have a significant effect on the environment. Find that the Negative Declaration reflects the independent judgment of the County of Los Angeles (County), and approve the Negative Declaration. Find that the purchase of the real property located at 5555-5557 Ferguson Drive in City of Commerce (Property) will have no adverse impact on wildlife resources and authorize the Chief Administrative Office (CAO) to complete and file a Certificate of Fee Exemption for this project.
- 2. Approve the attached Notice of Intention to Purchase the Property described therein, and set the date for public hearing for May 24, 2005.
- 3. Instruct the Executive Officer, Clerk of the Board to carry out the necessary steps for legal advertising of the Notice of Intention.
- 4. Authorize the CAO to open an escrow, the closing of which is contingent upon consummation of the purchase, and to sign the escrow instructions and other related documents effectuating the transaction.

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Upon implementation of the aforementioned recommendations, it is further recommended at the time of consummation that your Board:

- Make a finding that the Property described in the attached Notice of Intention is needed for future public use, namely to house the Department of Health Services and other governmental services.
- 2. Exercise the option to purchase the Property for one dollar plus closing and title policy fees of approximately \$20,000, thereby consummating the purchase; and authorize the CAO to supplement the title policy to cover the full market value of the Property at the County's cost.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended action is to exercise the County's option to purchase the land and buildings at 5555 Ferguson Drive, City of Commerce, for one dollar plus closing costs.

The lease covering the subject facility contains an option to purchase the premises between August 31, 2004, and August 30, 2005, including the improvements and land, for one dollar. Staff has estimated the current market value of the property to be approximately \$18,000,000. The proposed exercise of the purchase option will allow the County to take advantage of its equity position in the lease.

<u>IMPLEMENTATION OF STRATEGIC PLAN GOALS</u>

The Countywide Strategic Plan directs that we invest in public infrastructure in order to strengthen the County's fiscal capacity. The exercise of the subject purchase option supports this strategy by complying with Goal 4 of the Strategic Asset Management Principles. In this case, we are maximizing the County's equity in the property by taking ownership through purchase of a leased facility at a below-market purchase price.

FISCAL IMPACT/FINANCING

Funding is available in the Rent Expense Budget for 2004-05 for the purchase price and the County's share of related closing costs and title policy fees totaling approximately \$20,000.

The monthly rent of \$66,129.73 was decreased to \$1,000 per month during the holdover period during which the purchase option is being exercised, and will terminate altogether upon transfer of the property.

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FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The property consists of 508,780± square feet of land improved with a four-story steel-frame building containing 268,400± gross square feet with surface parking to accommodate 1,074± vehicles. This lease, which the County entered into in 1979, expired on August 30, 2004, and the County has an option to purchase the property between August 31, 2004 and August 30, 2005 for one dollar.

A preliminary appraisal by CAO staff has determined that the property has a current fair market value of \$18,000,000. The property is zoned M2 with a highest and best use for Heavy Industrial. Pursuant to Section 65402 of the Government Code, the City of Commerce Community Development Department was requested to review the proposed project and did not object to the County's planned acquisition.

In order to exercise the option to purchase the subject property, the County must publish a "Notice of Intention to Exercise an Option to Purchase" (attached) in accordance with the provisions of Government Code Section 25350. Following publication of the notice, the purchase option must be exercised by your Board prior to August 30, 2005.

ENVIRONMENTAL DOCUMENTATION

The CAO has made an initial study of environmental factors and has concluded that the exercise of the option to purchase would have no significant impact on the environment. Accordingly, a Negative Declaration has been prepared and a notice posted on the premises as required by the California Environmental Quality Act (CEQA) and the California Administrative Code, Section 15072. Copies of the completed Initial Study, the resulting Negative Declaration, and the Notice of Preparation of Negative Declaration, as posted, are attached. A fee must be paid to the State Department of Fish and Game when certain notices required by CEQA are filed with the County Clerk. The County is exempt from paying this fee when your Board finds that the project will have no significant impact on wildlife resources. This project is located on previously developed and urbanized land, and the Initial Study incorporated in the Negative Declaration concluded there will be no adverse effect on wildlife resources.

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IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no impact on County services.

CONCLUSION

It is requested that the Executive Office, Board of Supervisors, return two certified copies of the Minute Order and the adopted, stamped Board letter to the CAO, Real Estate Division, at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012, for further processing.

Respectfully submitted.

DAVID E. JANSSEN

Chief Administrative Officer

DEJ:CWW SDH:JT:pe

Attachments (2)

c: County Counsel
Auditor-Controller
Department of Health Services

5555Ferguson.b

NOTICE OF INTENTION OF THE COUNTY OF LOS ANGELES TO EXERCISE AN OPTION TO PURCHASE REAL PROPERTY LOCATED AT 5555-5557 FERGUSON DRIVE, CITY OF COMMERCE

NOTICE IS HEREBY GIVEN that it is the intention of the County of Los Angeles to exercise an option to purchase improved property for the sum of ONE AND NO/100 DOLLAR (\$1.00) from the SDCERA Realty Corporation, a California corporation, the owner (seller) of said real property, said property being situated in the County of Los Angeles, State of California, commonly known as 5555 Ferguson Drive, City of Commerce, and legally described as follows:

Parcel 1: Parcel 1 of Parcel Map No.6243, in the City of Commerce, County of Los Angeles, State of California, as shown on map filed in Book 68, pages 7 and 8, of Parcel Maps, in the office of the Registrar-Recorder of said County.

Parcel 2: Parcel 2 of Parcel Map No. 3939, in the City of Commerce, County of Los Angeles, State of California, as shown on map filed in Book 46, page 94, of Parcel Maps, in the office of the Registrar-Recorder of said County.

Note1: The oil, gas and mineral rights have been severed from the ownership of the fee title.

NOTICE IS HEREBY GIVEN that the purchase of the property will be considered for consummation by the Board of Supervisors of the County of Los Angeles, on the 24th day of March, 2005, at 9:30 A.M., in the Hearing Room of the Board of Supervisors, Room 381, Kenneth Hahn Hall of Administration, 500 West Temple Street, Los Angeles, CA 90012. No obligation will arise against the County and in favor of the Seller with respect to the purchase of the property described herein until the Board of Supervisors approves the purchase on the named consummation date.

Violet Varona-Lukens Executive Officer of the Board of Supervisors of the County of Los Angeles

COUNTY OF LOS ANGELES CHIEF ADMINISTRATIVE OFFICE

NEGATIVE DECLARATION

I. Location and Description of the Project

The proposed project is for the County of Los Angeles to purchase facilities located at 5555 Ferguson Drive, City of Commerce, California 90022, which will be used by the Department of Health Services for office space and for other governmental purposes. The facilities, located in the First Supervisorial District approximately 8 miles from the Los Angeles Civic Center, include 268,400 square feet of office space located on four levels and the use of 1,056 off-street parking spaces. There will be no expansion of the existing privately-owned premises for this project.

II. Finding of No Significant Effect

Based on the attached initial study, it has been determined that the project will not have a significant effect on the environment.

III. <u>Mitigation Measures</u>

Mitigation measures for this project are discussed in Section V of the attached initial study.

INITIAL STUDY

I. Location and Description of Project

These proposed leased premises are located at 5555 Ferguson Drive, City of Commerce, California 90022, located in the First Supervisorial District approximately 8 miles southeast of the Los Angeles Civic Center and .5 miles north of the Santa Ana (5) freeway. (See attached map.)

The building to be purchased is approximately 50 years old, is privately owned and has been used for County office purposes for years. Located at the site are 1,056 off-street parking spaces for use in conjunction with the leased premises.

This project consists of exercising an option to purchase a facility that has been leased/occupied by the County for 25 years, in which will be located the Department of Health Services and other County offices. It is anticipated that an average of 900 employees will be occupying the premises with the maximum employee occupancy anticipated to be 1,200 per day. In addition to the employees, it is anticipated that an average of 1,000 members of the public will be visiting the facility per month for purposes of filing employment applications and taking examinations and interviews.. No expansion of existing premises will occur for this project and no alterations, except for interior redecorating, will be performed for this project.

II. Compatibility with General Plan

This project site is identified as commercial manufacturing (M2cm) in the General Plan.

III. Environmental Setting

The project site is located in an area of manufacturing facilities. The site includes approximately 508,781square feet of developed property, and is bordered by a street on one side.

IV. <u>Identification of Environmental Effects</u>

- A. The impact of the proposed project on existing land forms will be negligible as no reshaping of the soil nor excavation nor foundations, utility lines, sewer lines or water lines will be necessary.
- B. The project will not conflict with adopted environmental plans and goals of the City of Commerce.

- C. The project will not have a substantial demonstrable negative aesthetic effect on the proposed site. The existing facility will continue to be maintained by the County as previously maintained under the lease arrangement.
- D. No rare or endangered species of animal or plant or the habitat of the species will be affected by the project, nor will it interfere substantially with the movement of any resident fish or wildlife species or migratory fish or wildlife species.
- E. The project will not breach published national, state or local standards relating to solid waste or litter control.
- F. The acquisition project will not substantially degrade water quality, contaminate water supply, substantially degrade or deplete ground water resources, or interfere substantially with ground water recharge.
- G. There are no known archeological sites existing at the project site.
- H. The proposed project will not induce substantial growth or concentration of population.
- I. The project will not cause a substantial increase to existing traffic, nor will it affect the carrying capacity of the present street system. This is a continued use of an office facility for office purposes under a different ownership.
- J. The project will not displace any persons from the site.
- K. The project will not substantially increase the ambient noise levels to adjoining areas. Noise generated by the proposed County use does not exceed that previously experienced in the area with the County as an occupant under the present lease arrangement.
- L. The proposed developed project will not cause flooding, erosion or siltation.
- M. The project will not expose people or structures to major geologic hazards.
- N. The project will not expand a sewer trunk line. All necessary utilities are available currently to the facility.
- O. No increased energy consumption is anticipated by the County's continued use of the premises.

- P. The project will not disrupt or divide the physical arrangement of established community; nor will it conflict with established recreational, educational, religious or scientific uses of the area.
- Q. No public health or safety hazard or potential public health or safety hazard will be created by this project.
- R. The project will not violate any ambient air quality standard, contribute substantially to an existing or projected air quality violation, or expose sensitive receptors to substantial pollutant concentrations.

V. <u>Discussions of Ways to Mitigate Significant Effects</u>

The proposed project is not expected to create any significant effects on the environment. To mitigate any effects upon the surrounding community the following measures will be implemented:

A. None required.

VI. <u>Initial Study Preparation</u>

This study was prepared by the Los Angeles County Chief Administrative Office, Real Estate Division, Departmental Contact: Susan Holman. This study was completed on January 6, 2004.

NEGATIVE DECLARATION

Department Name:

Health Services

Project:

Purchase of Leased Facility

Pursuant to Section 15072, California Environmental Quality Act and California Administrative Code Title 14, Division 6

- 1. <u>Description of Project</u> County to exercise its option to purchase leased property
- 2. a. <u>Location of Project</u> (plot plan attached):

5555 Ferguson Drive

City of Commerce, CA 90022

b. Name of Project Proponent

County of Los Angeles Chief Administrative Office, Real Estate Division 222 S. Hill Street, 4th Floor Los Angeles, CA 90012

3. <u>Finding for Negative Declaration</u>

It has been determined that this project will not have a significant effect on the environment based on information shown in the attached Environmental Information Form dated January 6, 2004, which constitutes the Initial Study of this project.

4. <u>Initial Study</u>

An Initial Study leading to this Negative Declaration has been prepared by the Chief Administrative Office, Real Estate Division, and is attached hereto.

5. <u>Mitigation Measures Included in Project</u>

None required.

Date

Real Property Agent

Telephone

January 6, 2004

Susan Holman

(213) 974-4150

DATE POSTED - January 6, 2004

NOTICE OF PREPARATION OF NEGATIVE DECLARATION

This notice is provided as required by the California Environmental Quality Act and California Administrative Code Title 14 Division 6, Section 15072 (a) (2) B.

A Negative Declaration has been prepared for this site based on an Initial Study which consists of completion and signing of an Environmental Information Form showing background information as follows:

1. <u>Name of Proponent</u> - County of Los Angeles

Chief Administrative Office

2. <u>Address/Phone No.</u> - 222 South Hill Street, 4th Floor

Los Angeles, California 90012

Agent Telephone
Susan Holman (213) 974-4150

3. Date Information Form Submitted - January 6, 2004

4. <u>Agency Requiring Information Form</u> - Los Angeles County
Chief Administrative Office

- 5. Name of Proposal, if Applicable Purchase of Leased Facility
- 6. <u>Address of Facility Involved</u> 5555 Ferguson Drive, City of Commerce

Interested parties may obtain a copy of the Negative Declaration and the completed Environmental Information Form/Initial Study by contacting the Real Property Agent indicated under 2. above and referring to the proposal by name or to the facility by address.

Si necesita informacion en español, por favor de comunicarse con el agente designado, para asistencia en obtener una traduccion.